

Message Text

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71

ACTION NEA-16

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 DRC-01 /145 W

----- 062542

R 071046Z MAY 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 1309

INFO AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMEMBASSY RAMGOON

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

LIMITED OFFICIAL USE NEW DELHI 6063

STAFF ALSO FOR T/IEP

E.O. 11652: N/A

TAGS: ENRG, IN.

SUBJECT: ENERGY: FIRST OFFSHORE OIL CONTRACTS MAY BE SIGNED

MAY 13--PROGRESS REPORT IV.

REF: A) NEW DELHI A-392, NOVEMBER 3, 1973

SUMMARY: GOI PETROLEUM MINISTRY CHIEF OF EXPLORATION AND DEVELOPMENT, GOPAL RAMASWAMY, CALLED AT THE EMBASSY MAY 6 TO BRIEF MINATT ON PROGRESS OF OFFSHORE OIL CONTRACT NEGOTIATIONS, AND OUTLOOK. SEPARATE READING & BATES AND CARLSBERG AGREEMENTS MAY BE SIGNED ABOUT MAY 13. END SUMMARY.

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1. RAMASWAMY SAID THAT OFFSHORE CONTRACT AGREEMENTS "HAVE BEEN

REACHED" AND "HAVE BEEN INITIALED" SEPARATELY WITH READING & BATES FOR AREA I (REFAIR) OFF THE GULF OF KUTCH (AND BORDERING ON PAKISTAN) AND CARLSBERG PETROLEUM FOR AREA VII IN THE BAY OF BENGAL (AND BORDERING ON BANGLADESH). THE TWO AGREEMENTS ARE TO BE TRANSMITTED TO THE CABINET FOR APPROVAL ON OR ABOUT MAY 8. SIGNING CEREMONIES ARE ANTICIPATED ON OR ABOUT MAY 13. (COMMENT: CARLSBERG'S INDIAN REPRESENTATIVE, P.V. MENON, CONFIRMED THE ABOVE AND SAID THAT JIM ROTH, AND OTHERS OF THE CARLSBERG GROUP, CURRENTLY PLAN A "FINAL REVIEW" OF THEIR CONTRACT WITH THE PETROLEUM MINISTRY'S SELECTION COMMITTEE MAY 7, AND IF ALL GOES WELL WILL REMAIN IN DELHI FOR THE SIGNING. WE HOPE TO MEET WITH CARLSBERG REPS THIS WEEK, AND WILL REPORT DEVELOPMENTS. WE HAVE NOT BEEN IN TOUCH WITH READING & BATES PERSONNEL, BUT ASSUME THEY MAY FOLLOW SIMILAR REVIEW-AND-SIGNING PLAN. END COMMENT.)

2. RAMASWAMY CLAIMS THAT THE GOI'S DESIRE TO HOLD ALL NEWLY-DISCOVERED OIL FOR INDIAN DOMESTIC NEEDS DID NOT ARISE AS AN ISSUE WITH EITHER READING & BATES OR GARLSBERT. HE AGREED THAT IT DID ARISE IN PRELIMINARY DISCUSSIONS WITH CITIES SERVICE, ARCO, OCCIDENTAL, AND PHILLIPS BUT NOTED (AS HE HAS TO THE MINATT IN THE PAST) THAT THIS IS A NEGOTIABLE POINT, AND "NOT A BASIC ELEMENT OF /GOI/ POLICY." HE REITERATED THAT HE "DEEPLY REGRETTED" THE EARLY DEPARTURE OF CITIES SERCICE (AND OTHERS) BEFORE THE BASIC DIFFERENCES BETWEEN COMPANY REQUIREMENTS AND GOI GUIDELINES COULD BE TABLED AND STUDIED IN DEPTH.

3. READING & BATES AND CARLSBERG ACCEPTED IN PRINCIPLE THE MINISTRY'S GUIDELINES; AGREEING TO SELL TO THE GOI FOR DOLLARS ALL COST AND PROFIT OIL (AND GAS) DISCOVERED BY THESE FIRMS. THE PRICING FORMULA, YET TO BE WORKED OUT IN DETAIL, MAY FOLLOW EITHER ONE OF TWO PATTERNS. A CARLSBERG PROPOSAL RECOMMENDS THAT ALL CRUDE OIL REIMBURSEABLE TO CARLSBERG BE FORMULATED ON THE BASIS OF PLATT'S PUBLISHED WORLD MARKET PRICES. THE GOI PREFERS TO STRUCTURE PRICES ON AN "ACTUAL" BASE, USING COMPARABLE QUALITY PERSIAN GULF OR SAUDI ARABIAN CRUDES DISCOUNTED AND DELIVERED C.I.F. BOMBAY (OR CALCUTTA). SCHNEIDER

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Message Attributes

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Disposition Date: 28 MAY 2004
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